

ESB 5476 - H AMD TO APP COMM AMD (H-1622.1) **759**

By Representative Caldier

1 On page 52, after line 11 of the striking amendment, insert the
2 following:

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4 "Sec. 24. RCW 28B.77.070 and 2019 c 413 s 7029 are each amended
5 to read as follows:

6 (1) The council shall identify budget priorities and levels of
7 funding for higher education, including the two and four-year
8 institutions of higher education and state financial aid programs.
9 It is the intent of the legislature for the council to make budget
10 recommendations for allocations for major policy changes in
11 accordance with priorities set forth in the ten-year plan, but the
12 legislature does not intend for the council to review and make
13 recommendations on individual institutional budgets. It is the
14 intent of the legislature that recommendations from the council
15 prioritize funding needs for the overall system of higher education
16 in accordance with priorities set forth in the ten-year plan. It is
17 also the intent of the legislature that the council's
18 recommendations take into consideration the total per-student
19 funding at similar public institutions of higher education in the
20 global challenge states.

21 (2) By December of each odd-numbered year, the council shall
22 outline the council's fiscal priorities under the ten-year plan that
23 it must distribute to the institutions, the state board for
24 community and technical colleges, the office of financial
25 management, and the joint higher education committee.

26 (a) Capital budget outlines for the two-year institutions shall
27 be submitted to the office of financial management by August 15th of

1 each even-numbered year, and shall include the prioritized ranking
2 of the capital projects being requested, a description of each
3 capital project, and the amount and fund source being requested.

4 (b) Capital budget outlines for the four-year institutions must
5 be submitted to the office of financial management by August 15th of
6 each even-numbered year, and must include: The institutions'
7 priority ranking of the project; the capital budget category within
8 which the project will be submitted to the office of financial
9 management in accordance with RCW 43.88D.010; a description of each
10 capital project; and the amount and fund source being requested.

11 (c) The prioritized outlines submitted to the office of
12 financial management for two-year institutions and four-year
13 institutions in subsection (2) of this section must prioritize major
14 capital projects that will directly support degree programs related
15 to mental health or substance use disorders.

16 ~~((e))~~ (d) The office of financial management shall reference
17 these reporting requirements in its budget instructions.

18 (3) The council shall submit recommendations on the operating
19 budget priorities to support the ten-year plan to the office of
20 financial management by October 1st each year, and to the
21 legislature by January 1st each year.

22 (4)(a) The office of financial management shall develop one
23 prioritized list of capital projects for the legislature to consider
24 that includes all of the projects requested by the four-year
25 institutions of higher education that were scored by the office of
26 financial management pursuant to chapter 43.88D RCW, including
27 projects that were previously scored but not funded. The prioritized
28 list of capital projects shall be based on the following priorities
29 in the following order:

30 (i) Office of financial management scores pursuant to chapter
31 43.88D RCW;

32 (ii) Preserving assets;

33 (iii) Degree production; and

34 (iv) Maximizing efficient use of instructional space.

1 (b) The office of financial management shall include all of the
2 capital projects requested by the four-year institutions of higher
3 education, except for the minor works projects, in the prioritized
4 list of capital projects provided to the legislature.

5 (c) The form of the prioritized list for capital projects
6 requested by the four-year institutions of higher education shall be
7 provided as one list, ranked in priority order with the highest
8 priority project ranked number "1" through the lowest priority
9 project numbered last. The ranking for the prioritized list of
10 capital projects may not:

11 (i) Include subpriorities;

12 (ii) Be organized by category;

13 (iii) Assume any state bond or building account biennial funding
14 level to prioritize the list; or

15 (iv) Assume any specific share of projects by institution in the
16 priority list.

17 (5) Institutions and the state board for community and technical
18 colleges shall submit any supplemental capital budget requests and
19 revisions to the office of financial management by November 1st and
20 to the legislature by January 1st.

21 (6) For the 2017-2019 fiscal biennium and the 2019-2021 fiscal
22 biennium, pursuant to subsection (4) of this section, the office of
23 financial management may, but is not obligated to, develop one
24 prioritized list of capital projects for the legislature to consider
25 that includes all of the projects requested by the four-year
26 institutions of higher education that were scored by the office of
27 financial management pursuant to chapter 43.88D RCW, including
28 projects that were previously scored but not funded.

29 **Sec. 25.** RCW 43.88D.010 and 2019 c 413 s 7032 are each amended
30 to read as follows:

31 (1) By October 1st of each even-numbered year, the office of
32 financial management shall complete an objective analysis and
33 scoring of all capital budget projects proposed by the public four-
34 year institutions of higher education and submit the results of the

1 scoring process to the legislative fiscal committees and the four-
2 year institutions. Each project must be reviewed and scored within
3 one of the following categories, according to the project's
4 principal purpose. Each project may be scored in only one category.
5 The categories are:

6 (a) Access-related projects to accommodate enrollment growth at
7 all campuses, at existing or new university centers, or through
8 distance learning. Growth projects should provide significant
9 additional student capacity. Proposed projects must demonstrate that
10 they are based on solid enrollment demand projections, more
11 cost-effectively provide enrollment access than alternatives such as
12 university centers and distance learning, and make cost-effective
13 use of existing and proposed new space;

14 (b) Projects that replace failing permanent buildings.
15 Facilities that cannot be economically renovated are considered
16 replacement projects. New space may be programmed for the same or a
17 different use than the space being replaced and may include
18 additions to improve access and enhance the relationship of program
19 or support space;

20 (c) Projects that renovate facilities to restore building life
21 and upgrade space to meet current program requirements. Renovation
22 projects should represent a complete renovation of a total facility
23 or an isolated wing of a facility. A reasonable renovation project
24 should cost between sixty to eighty percent of current replacement
25 value and restore the renovated area to at least twenty-five years
26 of useful life. New space may be programmed for the same or a
27 different use than the space being renovated and may include
28 additions to improve access and enhance the relationship of program
29 or support space;

30 (d) Major stand-alone campus infrastructure projects;

31 (e) Projects that promote economic growth and innovation through
32 expanded research activity. The acquisition and installation of
33 specialized equipment is authorized under this category; and

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1 (f) Other project categories as determined by the office of
2 financial management in consultation with the legislative fiscal
3 committees.

4 (2) The office of financial management, in consultation with the
5 legislative fiscal committees, shall establish a scoring system and
6 process for each four-year project category that is based on the
7 framework used in the community and technical college system of
8 prioritization. Staff from the state board for community and
9 technical colleges and the four-year institutions shall provide
10 technical assistance on the development of a scoring system and
11 process.

12 (3) The office of financial management shall consult with the
13 legislative fiscal committees in the scoring of four-year
14 institution project proposals, and may also solicit participation by
15 independent experts.

16 (a) For each four-year project category, the scoring system
17 must, at a minimum, include an evaluation of enrollment trends,
18 reasonableness of cost, the ability of the project to enhance
19 specific strategic master plan goals, age and condition of the
20 facility if applicable, and impact on space utilization.

21 (b) Each four-year project category may include projects at the
22 predesign, design, or construction funding phase.

23 (c) To the extent possible, the objective analysis and scoring
24 system of all capital budget projects shall occur within the context
25 of any and all performance agreements between the office of
26 financial management and the governing board of a public, four-year
27 institution of higher education that aligns goals, priorities,
28 desired outcomes, flexibility, institutional mission,
29 accountability, and levels of resources.

30 (4) In evaluating and scoring four-year institution projects,
31 the office of financial management shall ~~((take—into~~
32 ~~consideration))~~: (a) Take into consideration project schedules that
33 result in realistic, balanced, and predictable expenditure patterns
34 over the ensuing three biennia~~((-))~~; and (b) prioritize major

1 capital projects that will directly support degree programs related
2 to mental health or substance use disorders.

3 (5) The office of financial management shall distribute common
4 definitions, the scoring system, and other information required for
5 the project proposal and scoring process as part of its biennial
6 budget instructions. The office of financial management, in
7 consultation with the legislative fiscal committees, shall develop
8 common definitions that four-year institutions must use in
9 developing their project proposals and lists under this section.

10 (6) In developing any scoring system for capital projects
11 proposed by the four-year institutions, the office of financial
12 management:

13 (a) Shall be provided with all required information by the four-
14 year institutions as deemed necessary by the office of financial
15 management;

16 (b) May utilize independent services to verify, sample, or
17 evaluate information provided to the office of financial management
18 by the four-year institutions; and

19 (c) Shall have full access to all data maintained by the joint
20 legislative audit and review committee concerning the condition of
21 higher education facilities.

22 (7) By August 1st of each even-numbered year each public four-
23 year higher education institution shall prepare and submit
24 prioritized lists of the individual projects proposed by the
25 institution for the ensuing six-year period in each category. The
26 lists must be submitted to the office of financial management and
27 the legislative fiscal committees. The four-year institutions may
28 aggregate minor works project proposals by primary purpose for
29 ranking purposes. Proposed minor works projects must be prioritized
30 within the aggregated proposal, and supporting documentation,
31 including project descriptions and cost estimates, must be provided
32 to the office of financial management and the legislative fiscal
33 committees.

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1 (8) For the 2017-2019 fiscal biennium and the 2019-2021 fiscal
2 biennium, pursuant to subsection (1) of this section, by November 1,
3 2020, the office of financial management must score higher education
4 capital project criteria with a rating scale that assesses how well
5 a particular project satisfies those criteria. The office of
6 financial management may not use a rating scale that weighs the
7 importance of those criteria.

8 (9) For the 2017-2019 fiscal biennium and the 2019-2021 fiscal
9 biennium, pursuant to subsection (6)(a) of this section and in lieu
10 of the requirements of subsection (7) of this section, by August 15,
11 2020, the institutions of higher education shall prepare and submit
12 or resubmit to the office of financial management and the
13 legislative fiscal committees:

14 (a) Individual project proposals developed pursuant to
15 subsection (1) of this section;

16 (b) Individual project proposals scored in prior biennia
17 pursuant to subsection (1) of this section; and

18 (c) A prioritized list of up to five project proposals submitted
19 pursuant to (a) and (b) of this subsection."
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21 Renumber the remaining sections consecutively and correct any
22 internal references accordingly.
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24 On page 52, line 34 of the striking amendment, after "through"
25 strike "24, and 26" and insert "23, 26, and 28"
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27 On page 53, line 7 of the striking amendment, after "and" strike
28 "24" and insert "26"
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30 On page 53, line 9 of the striking amendment, after "and" strike
31 "25" and insert "27"

33 EFFECT:
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- Requires that capital budget outlines submitted for two-year and four-year higher education institutions prioritize major capital projects that will directly support degree programs related to mental health or substance use disorders.
- Requires the Office of Financial Management's evaluation and scoring of four-year institution projects to prioritize major capital projects that will directly support degree programs related to mental health or substance use disorders.

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